



The way I see it...

BY PAUL KINDINGER

Signs, signs, everywhere signs

LOOK around – the signs of spring are everywhere. Spring is my favorite time of the year. Maybe growing up on a farm has something to do with my perspective, but spring always means a new beginning, renewed enthusiasm about the growing season ahead and, as always, the optimism about what is possible. No matter how good or how bad the year before was, I always get excited about the prospects for the coming growing season in the spring.

Perhaps our economy realizes that spring is here also. Everywhere I look I'm beginning to see signs that things are changing, that glimmer of hope that we are coming out of the dreadful fall/winter slump we have been in the past few months and that we have a chance to put new seed in the ground and grow a better crop this year.

One sign that we are starting to turn the corner and that spring-like optimism is warranted might be the recent uptick in durable goods orders. Housing in some areas also is picking up the pace as well. Interest rates are lower, there are some good deals out there and call me crazy – and some people do – but I think people are just plain tired of all the negative news. I know my wife Carol and I continue to do our part to spur economic activity and stimulate the economy and it seems we are not alone. Like most recessions, we talk ourselves into them and eventually we talk ourselves out of them, too. A lot of it has to do with the confidence I like to talk about so often. When people have confidence, they are willing to spend and invest.

Also, as I mentioned last month, the second stimulus package is now a reality, plus the financial bailout has been in place for a few months and both are starting to have a combined positive effect. Some banks are advertising loans again and applications for home refinancing are increasing at a rapid pace. The most recent stimulus package signed into law contains several billions of dollars of “shovel ready” construction projects at the local, state and national levels, which will start the multiplier effect and boost our economy over the coming months. What a great opportunity for equipment dealers to identify and work with customers who will need equipment to fulfill these contracts and complete the projects. And, the good news is there are more where that came from. The first \$30 billion or so is only the tip of the iceberg. Similar packages are being considered for Canada – and that's a double bonus for NAEDA-affiliated dealers.

Another positive sign that our economy is experiencing a “spring-like” mood is the recent extension of section 179 and bonus depreciation. Another mood-booster was the approval of Congress to reduce the



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depreciation schedule for farm and ranch equipment to five years from seven years. This presents U.S. dealers with a great opportunity to contact customers – construction, outdoor power, agriculture – and remind them that now is a great time to get products ordered. You can remind them that the machinery must be ordered, received and placed into service in 2009 in order to qualify for these incentives, which were included in stimulus packages passed this year and in 2008.

Waiting until the last minute may not work if everyone else does the same thing. Ag customers especially still have good balance sheets and cash or crops on hand. Despite forecasts that predict net farm income will be slightly less in 2009 compared to 2008, we are still looking at potentially the second best or best year on record. The long-term prospects and outlook have not changed. Fundamentally, the demand for food, feed, fuel and clothing will continue to rise as global income and population increases over the next few decades.

If I haven't convinced you that spring is a good time to be optimistic, then I am going to quit while I'm ahead. Instead, I believe I will simply go outside, soak up some of the sunshine, smell the flowers, and enjoy my own sense of revival... and that's the way I see it. ■

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